NASA Procedural Requirements

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COMPLIANCE IS MANDATORY FOR NASA EMPLOYEES

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Subject: Budget Formulation (Revalidated on September 15, 2021 with Change 1)

Responsible Office: Office of the Chief Financial Officer

Chapter 1. Planning, Programming, Budgeting, and Execution (PPBE)

1.1 Overview PPBE

1.1.1 The development of NASA's budget plan and the application of budget authority to achieve the Agency's objectives is carried out through the four-phase PPBE. The first three phases, which include considering and developing the Agency's budget requirements and request for appropriations, constitute budget formulation, and are the focus of this NPR. Execution, the last phase, includes financial management practices necessary for budget authority planning, spending, recording, controlling, and reporting, to include performance reporting, in the conduct of NASA's work. Refer to NPR 9470.1, Budget Execution, for requirements in the last phase. Refer to Figure 1, Annual PPBE Phases and Steps.

1.1.2 Budget formulation requires an enhanced level of analysis to ensure that resource alignment best supports the accomplishment of Agency strategic goals and objectives. This process includes reviewing and updating Agency performance plans, making programmatic decisions, and formulating an annual budget request that supports the plan. This information becomes a part of the Government-wide PBR. Accompanied by budget justifications, Congress uses this information as a basis for deliberations on direct budget authority (appropriations) to be enacted.

1.1.3 The Office of the Chief Financial Officer (OCFO) Strategic Investments Division (SID) and OCFO Budget Division (OCFO BD) manage the major processes of NASA's budget formulation. Final budget materials are released and published in accordance with Office of Management and Budget (OMB) Circular A-11 and other requirements. Refer to Appendix C, General Schedule for Budget Formulation, for a description of NASA's steps in complying with Federal budget formulation requirements and NPR 9330.1, External Reports-Budget.

Note: PPBE materials are pre-decisional and are embargoed against external release.
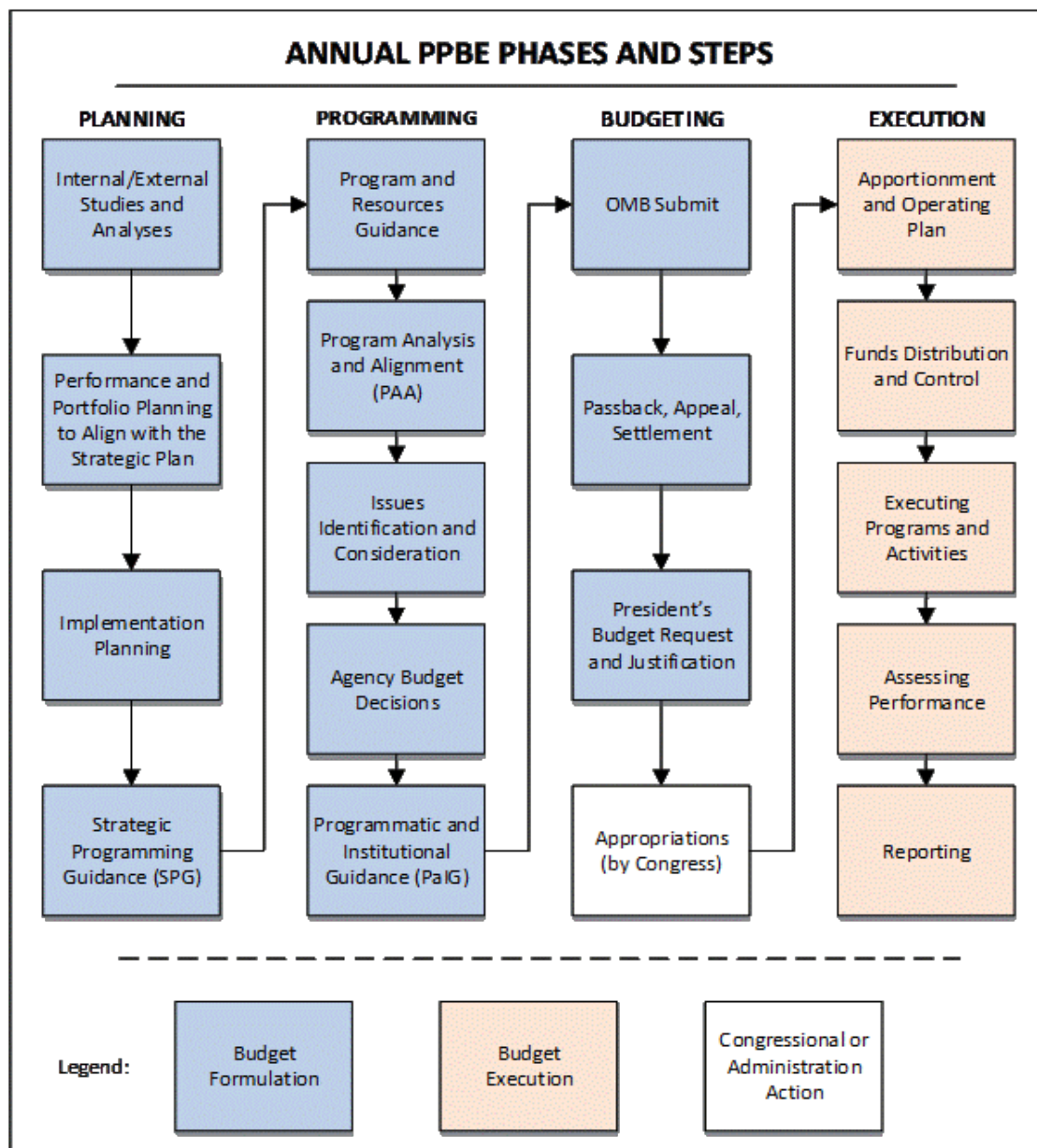
Figure 1, Annual PPBE Phases and Steps

1.2 PPBE Phases

1.2.1 Planning Phase. This phase includes review and consideration of internal and external factors that affect programming and budget decisions for the budget year in development, plus the next four outyears (often called a five-year budget). During the Planning Phase, Agency leaders establish Agency-wide policies and priorities, set initial budget controls and full-time equivalent (FTE) targets for budget accounts, update strategic plans (when required), and provide the top-level guidance necessary for budget formulation. Agency leaders consider, among otherfactors: budget limits and programmatic guidance from the Administration and OMB; recent legislation, including authorization and appropriation acts; availability and costs of institutional capabilities; outstanding issues that arose during the prior cycle of budget formulation; and proposed future investment strategies. The SPG documents this guidance and establishes a starting point from which the Agency will formulate the budget.

1.2.2 Programming Phase. In the Programming Phase, Agency leaders use the SPG as a framework for subsequent analysis of programs, resource requirements, and issues. Each Control Account Manager (CAM) submits their budget proposal and issues through a Program Analysis and Alignment (PAA) report. The CAMs present their proposals and issues to senior management. Managers and independent analysts assess issues, risks, and impacts and provide options to the Executive Council (EC). Per NPD 1000.0, NASA Governance and Strategic Management

Handbook, the EC acts as the decision body for major PPBE issues.

1.2.3 Budgeting Phase. In this phase, NASA finalizes its budget request to Congress. During this part of budget formulation, the OCFO provides to OMB the initial budget request (developed during planning and programming) and other required budget and performance deliverables that help inform OMB planning. CAMs develop and present to OMB detailed budget briefings that support the Agency's request. Through an iterative passback process, OMB finalizes budget controls for the PBR (settlement). NASA develops its supporting report, the Congressional Budget Justification (CJ), and sends it to Congress. The Budgeting Phase includes presentation and defense of budget estimates to Congress.

1.2.4 Execution Phase. This phase includes developing and maintaining Agency budget operating plans and spending/funding controls, executing the programmatic plans approved by Congress, and managing financial and accounting activities, including reporting. The phase also includes analyzing and assessing performance and reporting, per GPRA Modernization Act of 2010, Pub. L. 111-352, 124 Stat. 3866 (2011). Refer to NPR 9470.1.

1.3 Roles and Responsibilities

1.3.1 The Agency CFO shall lead PPBE activities including budget formulation, performance monitoring and assessment, budget execution, and financial budget reporting. Refer to NPD 9010.2, Financial Management, and NPR 9010.1, Financial Management Requirements Overview.

1.3.1.1 The Chief Financial Officer (CFO) and Deputy CFO (DCFO) for Budget and Performance provide oversight of all budget development processes.

> Note: External budget reports are required under various authorities and regulations. As required, the Agency OCFO ensures budget reports are reviewed and released under the Administrator's signature.

a. Agency Chief Financial Officer (CFO) and Deputy CFO (DCFO) for Agency Budget, Strategy and Performance provide oversight of the budget development processes. (Authority and functions of agency Chief Financial Officers, 31 U.S.C. § 902.)

b. DCFO for Appropriations leads appropriations-related communications with Congress, including transmitting the budget; receiving and providing responses to Congressional questions; and clarifying Agency direction from Congress. The DCFO for Appropriations also consults with senior leaders on budget strategies, so the Agency can meet known and anticipated requirements from Congress.

c. OCFO SID leads the Planning and Programming Phases and provides independent, objective, transparent, and multi-disciplinary assessments necessary to support EC decision making. OCFO SID develops the SPG and leads the development of initial Agency budget requirements and resolution of competing priorities. Through a separate but parallel process, OCFO SID conducts strategic reviews and prepares performance plans and reports to support budget development and Congressional requirements.

d. OCFO BD leads the Budgeting Phase by overseeing the OMB Submit and negotiations through passback and settlement. OCFO BD leads development and production of the CJ, ensuring that budget justifications are clear and address Congressional requirements. OCFO BD also consolidates and provides Agency input to the PBR. Throughout budget formulation, OCFO BD monitors top-level budget controls and serves as the interface to OMB.

1.3.2 CAMs shall formulate and manage NASA's budget accounts throughout PPBE and are identified in the SPG. In most cases, the account Resources Management Officer (RMO) leads the PPBE process for that account. In the planning, programming, and budgeting phases, CAMs develop Program and Resources Guidance (PRG) for Center institution and program/project managers within pertinent accounts; consolidate program/project and Center requirements; and conduct an internal PAA to identify and resolve within-account or cross-cutting conflicts. They present budget proposals to OMB and provide materials for the CJ.

> Note: Some CAMs manage Agency budgets for cross-cutting investments (e.g., construction). Throughout this NPR, any described CAM responsibility is meant to encompass prerequisite steps necessary to develop the Agency-level budget managed by that CAM. Steps may include data calls to other CAMs and Centers, issuing guidance, conducting reviews, prioritizing work, preparing reports, or other activities to support the budget process.

1.3.3 Associate Administrators, Centers, and Inspector General shall provide resource requirements of designated accounts to CAMs:

a. Science Mission Directorate - Science account budget.

b. Aeronautics Research Mission Directorate - Aeronautics account budget.

c. Space Technology Mission Directorate - Space Technology account budget.

d. Human Exploration and Operations Mission Directorate - Exploration and Space Operations account budgets.

e. Mission Support Directorate - Safety, Security, and Mission Services (SSMS) and Construction and Environmental Compliance and Restoration (CECR) account budgets.

f. Associate Administrator for Science, Technology, Engineering, and Mathematics (STEM) Engagement - STEM Engagement account budget.

g. Centers - Center-related resource requirements.

> *Note: In formulating and executing operations portions of the budget, NASA Headquarters is managed as a Center. The Executive Director of Headquarters Operations provides budget requirements to CAMs in the same way as any Center.*

h. Inspector General - Office of the Inspector General (OIG) account budget.

1.3.4 The Office of the General Counsel (OGC) advises the OCFO in interpreting and proposing appropriations language.

1.3.5 The Office of the Chief Human Capital Officer (OCHCO) leads the workforce planning activities and analyses (published in the SPG) necessary for budget development.

1.3.6 Office of Communications coordinates and leads budget rollout activities.

1.3.7 Office of Legislative and Intergovernmental Affairs (OLIA) leads non-appropriations-related Agency interactions with Congress, including activities supporting authorization, programmatic and operational issues, confirmations, and outreach. OLIA leads budget briefings for congressional members of authorizing committees and members not on NASA's appropriations committees.

1.3.8 The Administrator, Senior Leaders, EC, and Agency Management Councils, and leadership teams conduct reviews of cross-cutting issues that drive budget decisions (e.g., institutional capabilities and workforce requirements). They establish Agency priorities that align to Administration policy, resolve resource conflicts, and finalize decisions necessary for formulating the budget request. Senior leaders also approve budget and external reports and provide testimony to Congress to support budget requests.

1.4 Relationship of the Federal Budget Process and PPBE to Other NASA Management Processes

1.4.1 The Federal budget process is a multi-year activity that occurs over three main phases: Formulation of the PBR, Congressional Actions, and Execution of the Budget (such as audit and review). This NPR focuses on the Formulation phase; the other phases are briefly described in Appendix E, Federal Budget Process Overview, to establish the context. Authorization is included in the overview, as NASA's mission is typically authorized for activity by Congress. Refer to OMB Circular A-11, Part 1 for additional Federal budgeting processes, major products, and deliverables.

1.4.2 Strategic Plan. Each year, NASA demonstrates a clear connection between the budget requested for the upcoming fiscal year and the achievement of goals set forth in the strategic plan. NASA is required to update its strategic plan every four years (effectively, one year into each Presidential administration). NPD 1001.0, 2018 NASA Strategic Plan, establishes the Agency strategic plan of top-level goals and objectives for the Agency and describes key strategies for achieving results.

1.4.3 Agency Management. NPD 1000.0 outlines the general strategy, authorities, roles, and top-level governance and decision processes for the Agency. Agency Strategic Plan roles and responsibilities, content, and review requirements are also provided in this NPD.

1.4.4 Performance Planning. A performance plan establishes both near-term (1 year) and longer-term (3-5 years) goals for each program included in the Agency's budget request. The plan identifies objective and measurable performance goals; describes the processes, skills, and resources needed to meet the performance goals; and records performance indicators for measuring progress toward achieving the goals. Regular performance assessments and an annual report of actual progress are feedback tools that help the EC make key management decisions during budget formulation. Performance plans and reports also help inform OMB priorities and congressional deliberations on appropriations. Refer to GPRA Modernization Act of 2010 and OMB Circular A-11.

1.4.4.1 With respect to budget development, NASA manages the development and approval of the performance reports and plans as parallel, but tightly coordinated, processes. The linkage between budget and performance, particularly for annual performance plans for the budget year in development, is reinforced in this NPR, but requirements for most performance-related assessments, planning, and reports are documented in NPD 1000.0 and NPR 9330.1.

1.4.4.2 NASA embeds within project and program budget justifications any congressionally required performance data and issues related to major investments. Including this information addresses the Major Programs Annual Report (MPAR) requirement (51 U.S.C. § 30104) and provides required programmatic management information in one location.

1.4.5 Internal Controls. NPR 9010.3, Financial Management Internal Control, describes NASA's policy for establishing and maintaining an Agency system of financial management internal controls that provide reasonable assurance that Government resources are protected against fraud, waste, mismanagement, and misappropriation. NASA personnel with financial management responsibilities are responsible for ensuring controls are in place, resources are appropriately used to support NASA's mission, laws and regulations are followed, and data is reliable and timely. In accordance with the NASA Internal Control Program, NASA managers with responsibility for budget activities will evaluate on a regular basis the internal controls associated with the budget process.

1.4.6 Acquisition. NPD 1000.5, Policy for NASA Acquisition, guides the efficient and effective use of the resources entrusted to the Agency, in particular, considerations in "make versus buy" situations.

1.4.7 Program and Project Management. NPR 7120.5, NASA Space Flight Program and Project Management Requirements; NPR 7120.7, NASA Information Technology Program and Project Management Requirements; and NPR 7120.8, NASA Research and Technology Program and Project Management Requirements, define the management requirements for formulating, approving, implementing, and evaluating the programs and projects that NASA considers during the PPBE process. Managers also use tools, e.g., Agency Mission Planning Manifest (AMPM), to assess resource requirements for major missions and investments. Multi-year projects have budget implications in both the near and long-term, which should be considered during each budget planning cycle.

1.4.8 Information Technology. Multiple Agency financial systems support the PPBE process. Any financial information system being procured or used to support the PPBE process will comply with Agency policy regarding financial management and budget systems and with Federal requirements and regulations for financial information systems. (Capital planning and investment control, 40 U.S.C. § 11312.)

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